

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Puget Sound Energy, Inc.

Docket No. CP06-412-000

Northwest Pipeline Corporation

Docket No. CP06-416-000

ORDER ISSUING CERTIFICATES AND APPROVING ABANDONMENT

(Issued February 5, 2007)

1. On June 30, 2006, Puget Sound Energy, Inc. (Puget Sound) filed an application in Docket No. CP06-412-000, pursuant to section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations, for a certificate of public convenience and necessity to construct and operate new wells, pipeline, compression, and dehydration facilities, with appurtenances, to be located at Puget Sound's existing Jackson Prairie Storage Project (Jackson Prairie) in Lewis County, Washington, in order to increase the withdrawal deliverability at the storage facility from 850 MMcf per day to 1,150 MMcf per day. Puget Sound also requests authorization, pursuant to NGA section 7(b), to abandon various facilities that will be replaced by the proposed facilities. Also on June 30, 2006, Northwest Pipeline Corporation (Northwest), a joint owner of Jackson Prairie, filed an application in Docket No. CP06-416-000, pursuant to NGA section 7(c) and Part 157 of the Commission's regulations, for a certificate of public convenience and necessity to use its proportionate share of Jackson Prairie's proposed expanded firm withdrawal deliverability, 104,000 Dth per day, and expanded firm working gas capacity, 1,200,000 Dth, to provide new incremental firm storage service under Rate Schedule SGS-2F. As discussed below, the Commission finds that the proposals are required by the public convenience and necessity and are granted, as modified and conditioned in this order.

I. Background and Proposal

2. Puget Sound is incorporated under the laws of the State of Washington and is authorized to conduct business in the Washington. Puget Sound is a local distribution

company (LDC) subject to the jurisdiction of the Washington Utilities and Transportation Commission as well as this Commission.¹

3. Northwest is incorporated under the laws of the State of Delaware and is authorized to conduct business in Colorado, Idaho, New Mexico, Nevada, Oregon, Washington, Wyoming, and Utah. Northwest is a natural gas company within the meaning of NGA section 2(6) subject to the Commission's jurisdiction.

4. Northwest, Puget Sound and Avista Corporation (Avista), an LDC, are equal co-owners and managers of Jackson Prairie, an aquifer-type natural gas storage facility in Lewis County, Washington, which is operated by Puget Sound. Jackson Prairie is connected only to Northwest's interstate transmission system, which serves Puget Sound's and Avista's local distribution systems. In August of 2002, Puget Sound was authorized to expand the storage capacity of Jackson Prairie by 10.5 Bcf (6.3 Bcf of working gas capacity and 4.2 Bcf of cushion gas capacity, for a total of 24.6 Bcf working and 23.2 Bcf cushion); this phased capacity expansion was approximately 50 percent complete as of February 2006.² The current authorized withdrawal deliverability of Jackson Prairie is 850 MMcf per day.³

5. Puget Sound proposes to construct and operate: (1) up to ten new injection/withdrawal wells with associated well pads, piping and valves, measurement facilities and related appurtenances; (2) approximately 0.8 mile of 6- to 10-inch diameter pipeline; (3) approximately 0.8 mile of 24-inch diameter pipeline looping immediately upstream of the existing Jackson Prairie Compressor Station; (4) a new 10,480-horsepower compressor unit and ancillary facilities at the existing Jackson Prairie Compressor Station; (5) upgrades and restages of three existing compressor units at the existing Jackson Prairie Compressor Station; (6) upgrades to auxiliary facilities in the station yard, including two new dehydration towers, regeneration equipment, modified thermal oxidation facilities, inlet and outlet separators and related facilities; and (7) a new separator and relief valve at the existing Jackson Prairie Compressor Station that will increase the design capacity of the station from approximately 1.0 Bcf per day to approximately 1.3 Bcf per day. Puget Sound also requests approval of the related abandonment of various facilities that will be replaced by the proposed upgraded facilities at the existing Jackson Prairie Compressor Station.

¹ See *Puget Sound*, 84 FERC ¶ 61,347, 62,515 at fn 11 (1998).

² *Puget Sound Energy, Inc.*, Notice of Request Under Blanket Authorization issued June 18, 2002 in Docket No. CP02-384-000.

³ *Id.*

6. According to Puget Sound, construction of the proposed facilities will span two construction periods, with up to five injection/withdrawal wells to be completed during the summer of 2007 and the remaining facilities to be completed during 2008. The proposed facilities' expanded capacity and deliverability and projected costs of \$43.8 million will be shared equally by the three co-owners.

7. Northwest conducted an open season from February 1 through February 28, 2006, which resulted in Northwest entering into precedent agreements for all of its one-third share of the proposed Jackson Prairie expansion, which is 104,000 Dth per day of expanded firm withdrawal capacity and 1,200,000 Dth of expanded working gas capacity. Northwest has precedent agreements with (1) Cascade Natural Gas Corporation for 348,000 Dth of long-term capacity and 30,000 Dth per day of deliverability for a term ending on October 31, 2060; (2) Idaho Power Company for 132,000 Dth of capacity and 11,267 Dth per day of deliverability for a term ending on November 1, 2043; (3) the Boeing Company for 96,000 Dth of capacity and 8,500 Dth per day of deliverability for a term ending on June 30, 2038; and (4) Terasen Gas Inc. for (a) 24,000 Dth of capacity and 2,233 Dth per day of deliverability for a term ending on April 30, 2030, (b) 300,000 Dth of capacity and 26,000 Dth per day of deliverability for a term ending on April 30, 2031 and (c) 300,000 Dth of capacity and 26,000 Dth per day of deliverability for a term ending on April 30, 2032.

8. Northwest proposes cost-based rates for the new incremental firm storage service to be provided under its existing open access Rate Schedule SGS-2F, Storage Gas Service - Firm. Northwest's long term binding precedent agreements with the four expansion shippers described above are at maximum cost-based rates, with the firm service rights to be phased in over a four year period as the expanded working gas capacity and deliverability are developed.

9. Northwest's incremental storage service rates are derived from Northwest's projected costs and billing determinants during the phased-in service periods and the factors underlying Northwest's currently-effective rates as approved in Docket No. RP96-367-000. Based on its projected phase-in service schedule and the estimated \$22.1 million total capital costs for the new incremental firm storage service (\$16 million, including AFUDC, for the deliverability expansion and \$6.1 million for the ongoing capacity expansion), Northwest estimates daily rates per Dth of firm capacity demand to be phased in as follows: \$0.00253 for 2007, \$0.00264 for 2008, \$0.00243 for 2009, and \$0.00233 for 2010. Northwest estimates a deliverability contract demand daily rate per Dth of \$0.08476, effective on November 1, 2008. Further, upon completion of the proposed project in late 2010, Northwest estimates the final incremental daily rate per Dth will be \$0.00478 for capacity demand and \$0.05576 for deliverability contract demand.

10. Northwest proposes to charge a rate for best-efforts withdrawals equivalent to the Rate Schedule SGS-2F daily demand charge of pre-expansion (non-incremental) rate shippers; this rate will apply only during the interim period between the commencement of the phased-in capacity availability and the in-service date of the deliverability expansion. Northwest states the currently effective demand rate is \$0.01689 per Dth. In addition, Northwest proposes to apply the fuel reimbursement factor in Rate Schedule SGS-2F to the shippers' injection of storage gas for incremental firm storage service. Northwest states that the currently effective fuel reimbursement factor is 0.16 percent.

11. Northwest also requests approval of pro forma tariff sheets that reflect the proposed rates. The proposed revised tariff sheets incorporate the proposed new incremental firm storage service in Rate Schedule SGS-2F into the associated Form of Service Agreement.⁴

II. Notice and Interventions

12. Notices of Puget Sound's and Northwest's applications were published in the *Federal Register* on July 17, 2006.⁵ Questar Pipeline Company, Northwest Industrial Gas Users and Southwest Gas Corporation filed timely, unopposed motions to intervene in both dockets, and Williams Power Company, Inc. and Northwest filed timely, unopposed motions to intervene in Docket No. CP06-416-000.⁶ Cascade Natural Gas Corporation filed an untimely motion to intervene in both dockets. We will grant this motion, since to do so at this stage of the proceeding will not delay, disrupt, or otherwise prejudice the proceeding or other parties.⁷

III. Discussion

13. Since Puget Sound and Northwest propose facilities and services for the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission, Puget Sound's and Northwest's proposals are subject to the requirements of subsections (c) and (e) of section 7 of the NGA.

⁴ Pro Forma Sheet Nos. 7, 7-A, 50-53, 322, 325-329.

⁵ 71 Fed. Reg. 40,484.

⁶ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. 18 CFR § 385.214 (2006).

⁷ See 18 CFR § 385.214(d) (2006).

A. Application of the Certificate Policy Statement

14. On September 15, 1999, the Commission issued guidance as to how we will evaluate proposals for certificating major new construction.⁸ The Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest. The Policy Statement explains that in deciding whether to authorize the construction of major new pipeline facilities, the Commission balances the public benefits against the potential adverse consequences. Our goal is to give appropriate consideration to the enhancement of competitive transportation alternatives, the possibility of overbuilding, subsidization by existing customers, the applicant's responsibility for unsubscribed capacity, the avoidance of unnecessary disruptions of the environment, and the unneeded exercise of eminent domain in evaluating new natural gas projects.

Before Commissioners:

15. Under this policy, the threshold requirement for companies proposing new projects is that the company must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers.

16. The Commission also considers potential impacts of the proposed project on other pipelines in the market and on those existing pipelines' captive customers, and on landowners and communities affected by the route of the new project. If residual adverse effects on these groups are identified after efforts have been made to minimize them, the Commission will evaluate the proposed project by balancing the evidence of public benefits to be achieved against the residual adverse effects. This is essentially an economic test. Only when the benefits outweigh the adverse effects on economic interests will the Commission proceed to complete the environmental analysis where other interests are considered.

17. As stated, the threshold requirement is that the applicant must be prepared to financially support the project without relying on subsidization from its existing customers. The deliverability expansion service rights and cost responsibilities will be shared equally among Jackson Prairie's three owners; no owner will subsidize another. Northwest intends to charge its jurisdictional customers incremental rates for service

⁸*Certification of New Interstate Natural Gas Pipeline Facilities (Policy Statement)*, 88 FERC ¶ 61,277 (1999); *order clarifying statement of policy*, 90 FERC ¶ 61,128 (2000); *order further clarifying statement of policy*, 92 FERC ¶ 61,094 (2000).

using its share of the deliverability and capacity expansion. Northwest states that the proposed incremental storage service rates will not adversely affect Northwest's existing storage or transportation shippers. Additionally, Northwest does not propose any change to its existing rate schedules that would affect the service rights of existing customers. Puget Sound and Avista, which are regulated by their state commissions, each propose to use their share of the proposed expansion project to address peak period growth in their respective service areas, which would benefit current and future customers. Thus, the Commission finds that the threshold requirement of the Policy Statement have been satisfied.

18. Approval of Puget Sound's and Northwest's proposed project also is consistent with the other considerations addressed by the Policy Statement. The proposed facilities are properly designed to provide the proposed additional deliverability and will not have an adverse impact on Northwest's ability to meet existing contractual obligations. Since the facilities are connected only to Northwest's interstate pipeline system, the project will not have an adverse impact on other pipelines or their customers. The deliverability expansion is designed to provide additional peak day storage withdrawals from Jackson Prairie into Northwest's existing system for transportation on behalf of the other Jackson Prairie owners or on behalf of Northwest's storage service customers. In addition, Northwest's existing system can accommodate expanded withdrawals from Jackson Prairie without adversely affecting existing transportation customers. Moreover, the new facilities will benefit shippers by improving the deliverability, flexibility and reliability of service, in addition to meeting expanded market demand. Finally, no storage company in the Jackson Prairie market area has protested Puget Sound's or Northwest's application. In view of this, we conclude that Northwest's existing customers will not suffer any degradation in service as a result of the proposed project and that the project will not adversely impact any other gas company or its customers serving the same market.

19. Construction of the deliverability expansion project will temporarily affect about 30 acres of land while only about 15 acres will be permanently affected. All 30 acres of affected land is owned or leased by Jackson Prairie, so no use of eminent domain will be necessary. Only six landowners will be affected by the proposal and none have filed protests in this proceeding. Puget Sound has complied with the Commission's landowner notification requirements,⁹ and states that there will be negligible impacts on landowners because the new facilities will be built on land it already owns.

20. Based on the benefits the project will provide and the lack of adverse effects on existing customers, other companies and their customers, landowners, and communities, we find that consistent with the Policy Statement and section 7 of the NGA, the public

⁹18 CFR 157.6(c) (2006).

convenience and necessity requires approval of Puget Sound's and Northwest's proposals.

B. Rates

21. Northwest proposes that the incremental Rate Schedule SGS-2F storage service be phased in, with the storage working gas capacity component increasing over the approximate four year phase-in period (at approximately 20,000 Dth per month until mid-2008 and approximately 30,000 Dth per month thereafter) up to a total of approximately 1,200,000 Dth of working gas capacity and 104,000 Dth per day of deliverability by November 1, 2010. As a result, Northwest developed projected costs of service and rates separately for the capacity and deliverability expansions during the respective phase-in periods. Northwest states that the components of its cost of service projections -- e.g., return, taxes, depreciation, and cost allocations -- generally are based on factors and methodologies underlying its currently effective rates from the Commission-approved settlement in Docket No. RP96-367.¹⁰

22. Northwest estimates annual capacity costs of service to be \$109,533 for 2007, \$348,362 for 2008, \$624,452 for 2009 and \$891,365 for 2010. The capacity demand rates are designed using the phased-in costs of service and the corresponding aggregate of the daily determinants, reflecting the increments of expanded working gas capacity available during each phase. Northwest estimates an annual deliverability cost of service of \$3,216,411 starting in 2008. The deliverability contract demand rate is calculated from the cost of service and determinants annualized using 104,000 Dth per day of deliverability. Upon completion of the proposed expansion project on December 1, 2010, Northwest estimates a \$4,233,637 cost of service, which it states reflects that 50 percent of the costs are allocated to the deliverability contract demand and 50 percent to the demand component of rates, as in the *Equitable Gas Company* case,¹¹ and develops rates based on storage design capacity.¹²

23. Northwest seeks to recover the costs associated with the expansions projected to be placed into service during each year of the phase-in period and thereafter. In order to ensure that the rates charged more closely reflect Northwest's costs and capabilities during each period of development, the Commission accepts Northwest's proposal to

¹⁰ *Northwest*, 81 FERC ¶ 61,242 (1997), *reh'g denied*, 83 FERC ¶ 61,001 (1998).

¹¹ 76 FERC ¶ 61,147 (1986).

¹² *See Saltville Gas Storage Co.*, 107 FERC ¶ 61,267 (2004); *order on reh'g*, 109 FERC ¶ 61,200 (2004) and *Hardy Storage Co., L.L.C.*, 113 FERC ¶ 61,118 (2005).

phase-in rates that reflect increments of costs associated with the incremental expansion construction schedule.¹³ The Commission has also reviewed the proposed incremental firm storage service rates under Rate Schedule SGS-2F and generally finds them reasonable, subject to conditions. We also note that no adverse comments or protests were filed relating to the rate and tariff aspects of Northwest's proposal.

24. The Commission accepts Northwest's request for a best-efforts withdrawal rate under its Rate Schedule SGS-2F for expansion shippers that is equivalent to the daily demand charge for pre-expansion shippers, subject to conditions. The best-efforts withdrawal rate will be applicable only during the interim period between the commencement of the phased-in capacity availability and the in-service date of the deliverability expansion.¹⁴ Since Northwest has not reflected a representative level of determinants or allocated costs to the best-efforts withdrawals in the design of its incremental firm storage service rates, we direct Northwest to credit all revenues received from this best-efforts withdrawal rate to its pre-expansion storage service shippers whose firm deliverability rights are being utilized. We remind Northwest that the Commission previously required that best-efforts withdrawals will have the same scheduling and curtailment priorities as authorized overrun and interruptible services.¹⁵ We will also accept Northwest's proposal to use the fuel reimbursement factor applicable to Rate Schedule SGS-2F for its new incremental firm storage service.

25. Northwest's Pro Forma Sheet Nos. 7 and 7-A reflect proposed rates for all phase-in periods of the expansions. Pursuant to section 154.107 of the Commission's regulations, when Northwest files actual tariff sheets to place into effect its new incremental firm storage service rates, it must include on Sheet Nos. 7 and 7-A only the rates being placed into effect. Finally, Northwest is directed to file revised tariff sheets no sooner than 60 days and no later than 30 days prior to placing rates in effect for each period of service.

¹³ *Saltville Gas Storage Co.*, 107 FERC ¶ 61,267 (2004); *order on reh'g*, 109 FERC ¶ 61,200 (2004) ("accepting phased-in rates").

¹⁴ Northwest states that once the deliverability expansion is complete, the Rate Schedule SGS-2F expansion firm storage shippers will have the right to request best-efforts withdrawals at no charge, just like the existing pre-expansion firm storage shippers.

¹⁵ *Puget Sound*, 84 FERC ¶ 61,347, 62,516 (1998).

C. Environmental

26. On July 28, 2006, we issued a Notice of Intent to Prepare an Environmental Assessment for the Proposed Jackson Prairie Storage Deliverability Expansion Project and Request for Comments on Environmental Issues (NOI). We did not receive any responses to the NOI. Our staff prepared an environmental assessment (EA) for Puget Sound's proposal. The EA addresses geology and soils, water resources and wetlands, fisheries, vegetation and wildlife, land use, visual resources, threatened and endangered species, cultural resources, air and noise quality, and safety and reliability. In a letter dated January 16, 2007, the United States Fish and Wildlife Service (USFWS) concurred with our finding that the project "may affect, but is not likely to adversely affect, the bald eagle." This concluded informal consultation with the USFWS and satisfies the EA's recommendations concerning federally-listed species and consultation with USFWS. Therefore, it is not included as a condition of this order.

27. Based on the discussion in the EA, we conclude that, if constructed and operated in accordance with Puget Sound's application, and supplements filed September 1 and October 3 and 6, 2006, and in accordance with the conditions in the Appendix to this order, approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

28. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.¹⁶ Puget Sound shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Puget Sound. Puget Sound shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

IV. Conclusion

29. For the reasons set forth herein, we find, subject to the conditions below, that the public convenience and necessity requires issuance of the requested authorizations.

¹⁶See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); and *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990) and 59 FERC ¶ 61,094 (1992).

30. The Commission on its own motion, received and made a part of the record all evidence, including the applications, as supplemented, and exhibits thereto, submitted in this proceeding, and upon consideration of the record,

The Commission orders:

(A) A certificate of public convenience and necessity is issued to Puget Sound in Docket No. CP06-412-000, authorizing it to construct, own, operate, and maintain natural gas facilities to increase the withdrawal deliverability at the Jackson Prairie Storage Project as described and conditioned herein and as more fully described in the application.

(B) The certificate authority issued to Puget Sound in Ordering Paragraph (A) is conditioned, as discussed in this order, and on the following:

(1) Puget Sound completing the authorized construction and making the facilities available for service within two years of this order in accordance with section 157.20(b) of the Commission's regulations;

(2) Puget Sound complying with all applicable regulations, in particular, Parts 154 and paragraphs (a), (c), (e), and (f) of section 157.20 of the Commission's regulations; and

(3) Puget Sound's complying with the environmental conditions listed in the Appendix to this order.

(C) Puget Sound shall notify the Commission's environmental staff by telephone and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Puget Sound. Puget Sound shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

(D) Puget Sound's request for abandonment authority is granted.

(E) Puget Sound shall notify the Commission within 10 days of the abandonment of facilities authorized in this proceeding.

(F) A certificate of public convenience and necessity is issued to Northwest in Docket No. CP06-416-000, authorizing it to increase storage withdrawal contract demand under its Rate Schedule SG5-2F, as more fully described in its application.

(G) Northwest shall comply with all applicable regulations, in particular, Parts 154 and 157 of the Commission's regulations.

(H) Northwest must execute firm contracts equal to the level of service and in accordance to the terms of service represented in its precedent agreements prior to commencement of construction.

(I) Northwest's proposed new incremental firm storage service rates and tariff sheet provisions under Rate Schedule SGS-2F are approved, subject to the conditions discussed in the body of this order.

(J) Northwest is directed to file actual tariff sheets no sooner than 60 days and no later than 30 days prior to the proposed effective date for the commencement of each phase of Rate Schedule SGS-2F incremental firm storage service.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

Appendix

As recommended in the Environmental Assessment (EA), this authorization includes the following conditions:

1. Puget Sound shall follow the construction procedures and mitigation measures described in its application, supplements (including responses to staff data requests), and as identified in the EA, unless modified by the Commission Order. Puget Sound must:
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of Office of Energy Projects (OEP) before using that modification.
2. The Director of OEP has delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during construction and operation of the project. This authority shall allow:
 - a. the modification of conditions of the Commission Order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop-work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from the project construction and operation.
3. **Prior to any construction**, Puget Sound shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors (EI), and contractor personnel will be informed of the EI's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.
4. The authorized facility location shall be as shown in the EA, as supplemented by filed alignment sheets. **As soon as they are available, and before the start of construction**, Puget Sound shall file with the Secretary any revised detailed survey alignment maps/sheets at a scale not smaller than 1:6,000 with station positions for the facility approved by the Commission Order. All requests for

modifications of environmental conditions of the Commission Order or site-specific clearances must be written and must reference locations designated on these alignment maps/sheets.

Puget Sound's exercise of eminent domain authority granted under Natural Gas Act (NGA) section 7(h) in any condemnation proceedings related to the Commission Order must be consistent with the authorized facility and location. Puget Sound's right of eminent domain granted under NGA section 7(h) does not authorize it to increase the size of its natural gas pipeline to accommodate future needs or to acquire a right-of-way (ROW) for a pipeline to transport a commodity other than natural gas.

5. Puget Sound shall file with the Secretary detailed alignment maps/sheets and aerial photographs at a scale not smaller than 1:6,000 identifying all route realignments or facility relocations, and staging areas, pipe storage yards, new access roads, and other areas that would be used or disturbed and have not been previously identified in filings with the Secretary. Approval for each of these areas must be explicitly requested in writing. For each area, the request must include a description of the existing land use/cover type, and documentation of landowner approval, whether any cultural resources or federally listed threatened or endangered species would be affected, and whether any other environmentally sensitive areas are within or abutting the area. All areas must be clearly identified on the maps/sheets/aerial photographs. Each area must be approved in writing by the Director of OEP **before construction in or near that area.**

This requirement does not apply to extra workspace allowed by the Upland Erosion Control, Revegetation, and Maintenance Plan or minor field realignments per landowner needs and requirements which do not affect other landowners or sensitive environmental areas such as wetlands.

Examples of alterations requiring approval include all route realignments and facility location changes resulting from:

- a. implementation of cultural resource mitigation measures;
- b. implementation of endangered, threatened, or special concern species mitigation measures;
- c. recommendations by state regulatory authorities; and
- d. agreements with individual landowners that affect other landowners or could affect sensitive environmental areas.

6. **At least 60 days before construction begins**, Puget Sound shall file an initial Implementation Plan with the Secretary for review and written approval by the Director of OEP describing how Puget Sound will implement the mitigation measures required by the Commission Order and enumerated in this Appendix. Puget Sound must file revisions to the plan as schedules change. The plan shall identify:
 - a. how Puget Sound will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel;
 - b. the number of EIs assigned for the project, and how the company will ensure that sufficient personnel are available to implement the environmental mitigation;
 - c. company personnel, including EIs and contractors, who will receive copies of the appropriate material;
 - d. the training and instructions Puget Sound will give to all personnel involved with construction and restoration (initial and refresher training as the project progresses and personnel change);
 - e. the company personnel (if known) and specific portion of Puget Sound's organization having responsibility for compliance;
 - f. the procedures (including use of contract penalties) Puget Sound will follow if noncompliance occurs; and
 - g. for each discrete facility, a Gantt or PERT chart (or similar project scheduling diagram), and dates for:
 - i. the completion of all required surveys and reports;
 - ii. the mitigation training of onsite personnel;
 - iii. the start of construction; and
 - iv. the start and completion of restoration.
7. Puget Sound shall employ at least one EI. The EI shall be:
 - a. responsible for monitoring and ensuring compliance with all mitigation measures required by the Commission Order and other grants, permits, certificates, or other authorizing documents;
 - b. responsible for evaluating the construction contractor's implementation of the environmental mitigation measures required in the contract (see condition 6 above) and any other authorizing document;
 - c. empowered to order correction of acts that violate the environmental conditions of the Commission Order, and any other authorizing document;

- d. a full-time position separate from all other activity inspectors;
 - e. responsible for documenting compliance with the environmental conditions of the Commission Order, as well as any environmental conditions/permit requirements imposed by other federal, state, or local agencies; and
 - f. responsible for maintaining status reports.
8. Puget Sound shall file updated status reports prepared by the EI with the Secretary on a **weekly** basis **until all construction and restoration activities are complete**. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. the current construction status of the project, work planned for the following reporting period, and any schedule changes for stream crossings or work in other environmentally sensitive areas;
 - b. a listing of all problems encountered and each instance of noncompliance observed by the EI during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
 - c. a description of corrective actions implemented in response to all instances of noncompliance, and their cost
 - d. the effectiveness of all corrective actions implemented;
 - e. a description of any landowner/resident complaints which may relate to compliance with the requirements of the Commission Order, and the measures taken to satisfy their concerns; and
 - f. copies of any correspondence received by Puget Sound from other federal, state or local permitting agencies concerning instances of noncompliance, and Puget Sound's response.
9. Puget Sound must receive written authorization from the Director of OEP **before commencing service** from the project. Such authorization will only be granted following a determination that rehabilitation and restoration of the right-of-way and other areas affected by the project are proceeding satisfactorily.
10. **Within 30 days of placing the certificated facility in service**, Puget Sound shall file an affirmative statement with the Secretary, certified by a senior company official:
- a. that the facility has been constructed in compliance with all applicable conditions, and that continuing activities will be consistent with all applicable conditions; or

- b. identifying which of the Certificate conditions Puget Sound has complied with or will comply with. This statement shall also identify any areas affected by the project where compliance measures were not properly implemented, if not previously identified in filed status reports, and the reason for noncompliance.
11. With regard to cultural resources, Puget Sound shall **defer construction and use of facilities** and staging, storage, and temporary work areas and new or to-be-improved access roads **until**:
- a. Puget Sound clarifies whether the western portion of the Zandecki Road staging area was surveyed and provides a revised figure depicting completion of the survey, and if not, provides a survey report for the unsurveyed area and the Washington State Historic Preservation Office's (SHPO) comments on the report;
 - b. Puget Sound files the survey report and the SHPO's comments on the report for the Jackson Prairie (JP) Meter Station extra work space;
 - c. Puget Sound files any required treatment plan(s), and the SHPO's comments on any plan(s); and
 - d. the Director of OEP reviews and approves all reports and plans and notifies Puget Sound in writing that it may proceed with any treatment or construction.

All material filed with the Commission containing **location, character, and ownership** information about cultural resources must have the cover and any relevant pages therein clearly labeled in bold lettering: **"CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE."**

12. Puget Sound shall file a noise survey with the Secretary **no later than 60 days** after placing the authorized equipment at the JP Compressor Station in service. If the noise attributable to the operation of all of the equipment at the JP Compressor Station at full load exceeds an L_{dn} of 55 dBA at any nearby noise-sensitive areas, Puget Sound shall file a report on what changes are needed and install the additional noise controls to meet the level **within 1 year** of the in-service date. Puget Sound shall confirm compliance with the above requirement by filing a second noise survey with the Secretary **no later than 60 days** after it installs the additional noise controls.